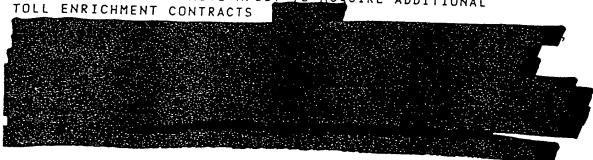
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2. USSR: NO BOLD MOVE AFOOT TO ACQUIRE ADDITIONAL



/\*\*\*\*\* BEGINNING OF SECTION AND \*\*\*\*\*\*/

## COMMENT:

A WINDOW OF OPPORTUNITY IS BEGINNING TO OPEN WHERE A URANIUM ENRICHMENT SUPPLIER USING BOLD AND INNOVATIVE PRICING COULD CAPTURE A LARGE PERCENTAGE OF THE UNCONTRACTED DEMAND FOR TOLL ENRICHMENT SERVICES THAT WILL EXIST IN THE 1990S.

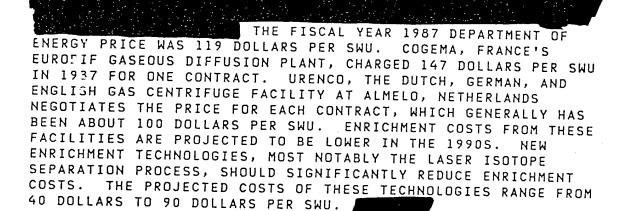


MANY UTILITIES THROUGHOUT THE UNITED STATES, EUROPE, AND THE FAR EAST HAVE NOT CONTRACTED FOR ALL THEIR ENRICHED FUEL DEMANDS FOR THE 1990S. THE DEMAND THAT IS NOT CONTRACTED WILL INCREASE FROM ABOUT 1 MILLION SWUS IN 1990 TO NEARLY 23 HILLION SWUS BY 2000. ALTHOUGH THE UNCONTRACTED DEMAND APPEARS GREAT IN THE 1990S, ENRICHMENT PLANT CAPACITY IS EXPECTED TO EXCEED TOTAL DEMAND BY 20 TO 25 PERCENT IN THE 1990S. THE MARKET WILL BE A BUYERS' MARKET IN THE 1990S HERE THE UTILITIES WILL BE SEEKING THE MOST COMPETITIVE TERMS. THE UTILITIES WILL NOT BE EAGER TO MAKE COMMITMENTS ODAY THAT WOULD FORECLOSE FUTURE COMPETITION.



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IF THE SOVIETS ARE TO BE SUCCESSFUL IN EXPANDING THEIR SHARE OF THE MARKET (CURRENTLY FOUR TO SIX PERCENT), THEY MUST (A) REMAIN VERY KNOWLEDGEABLE OF THE COMPETITION'S INTENTIONS FOR IMPLEMENTING ADVANCED ENRICHMENT TECHNOLOGY AND THE ECONOMICS OF THAT TECHNOLOGY; AND, (B) MUST OFFER PRICES SUFFICIENTLY LOW TO MAKE THE RISK OF SIGNING A LONG-TERM CONTRACT ACCEPTABLE.

